

National Credit Union Administration

§ 723.11

(2) A borrower may not substitute any insurance, guarantee, or advance commitment to purchase by any agency of the federal government, a state or any political subdivision of such state for the collateral requirements of this paragraph.

(b) Principals, other than a not for profit organization as defined by the Internal Revenue Service Code (26 U.S.C. 501) or those where the Regional Director grants a waiver, must provide their personal liability and guarantee. Federal credit unions and federally insured state-chartered credit unions that meet RegFlex standards, as determined pursuant to Part 742 of this Chapter, are exempt from this requirement and may make their own determination whether to require the personal liability and guarantee of principals.

(c) You may make unsecured member business loans under the following conditions:

(1) You are a natural person credit union that is well capitalized as defined by § 702.102(a)(1) of this chapter or you are a corporate credit union that maintains a minimum capital ratio as required by § 704.3(d) of this chapter or a different ratio as permitted under § 704.3(e) of this chapter;

(2) The aggregate of the unsecured outstanding member business loans to any one member or group of associated members does not exceed the lesser of \$100,000 or 2.5% of your net worth; and

(3) The aggregate of all unsecured outstanding member business loans does not exceed 10% of your net worth.

(d) You are exempt from the provisions of paragraphs (a), (b), and (c) of this section with respect to credit card line of credit programs offered to non-natural person members that are limited to routine purposes normally made available under those programs.

(e) You may make vehicle loans under this part without complying with the loan-to-value ratios in this section, provided that the vehicle is a car, van, pick-up truck, or sports utility vehicle and not part of a fleet of vehicles.

[68 FR 56551, Oct. 1, 2003, as amended at 69 FR 62565, Oct. 27, 2004; 70 FR 75722, Dec. 21, 2005]

§ 723.8 How much may one member or a group of associated members borrow?

Unless your Regional Director grants a waiver for a higher amount, the aggregate amount of net member business loan balances to any one member or group of associated members must not exceed the greater of:

- (a) 15% of the credit union's net worth; or
- (b) \$100,000.

[68 FR 56552, Oct. 1, 2003]

§ 723.9 [Reserved]

§ 723.10 What waivers are available?

You may seek a waiver for a category of loans in any of the following areas:

- (a) Appraisal requirements under § 722.3;
- (b) Aggregate construction and development loans limits under § 723.3(a);
- (c) Minimum borrower equity requirements for construction and development loans under § 723.3(b);
- (d) Loan-to-value ratio requirements for business loans under § 723.7(a);
- (e) Requirement for personal liability and guarantee under § 723.7(b);
- (f) Maximum unsecured business loans to one member or group of associated members under § 723.7(c)(2);
- (g) Maximum aggregate unsecured member business loan limit under § 723.7(c)(3); and
- (h) Maximum aggregate net member business loan balance to any one member or group of associated members under § 723.8.

[68 FR 56552, Oct. 1, 2003, as amended at 69 FR 62565, Oct. 27, 2004]

§ 723.11 How do you obtain a waiver?

To obtain a waiver, a federal credit union must submit a request to the Regional Director (a corporate federal credit union submits the waiver request to the Director of the Office of Corporate Credit Unions). A state chartered federally insured credit union must submit the request to its state supervisory authority. If the state supervisory authority approves the request, the state regulator will forward the request to the Regional Director (or if appropriate the Director of the Office of Corporate Credit Unions). A